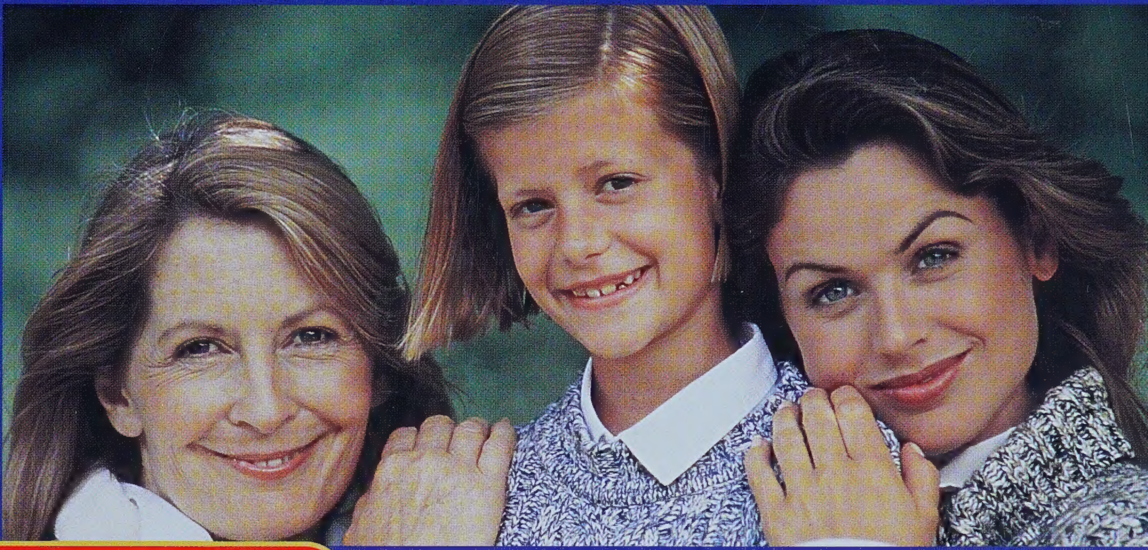
Annual Report



You'll find it all... even a friend!

1998

The Jean Coutu Group (PJC) inc.

Contents

Financial HIGHLIGHTS

Profile

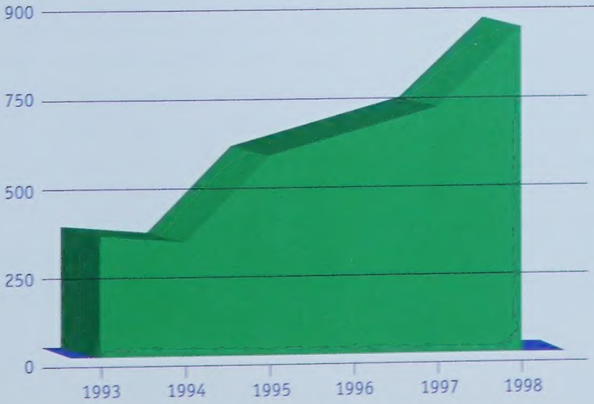
The Jean Coutu Group (PJC) Inc. is the largest corporation specialized in the distribution and retailing of pharmaceutical and parapharmaceutical products in Quebec and one of the 10 largest in North America.

Founded in Montreal in 1969 by Mr. Jean Coutu, today The Jean Coutu Group heads a network of nearly 500 outlets in Canada and the United States. The 255 franchised establishments in Canada employ 11,000 people, mainly in Quebec, but also in New Brunswick and Ontario. The Jean Coutu Group's head office and distribution centre are located in Longueuil, near Montreal, and employ more than 800 people.

In the United States, 242 Brooks Pharmacy corporate outlets employ 4,500 people, primarily in the six New England states. The Jean Coutu Group (PJC) U.S.A. Inc., a wholly-owned subsidiary of The Jean Coutu Group, has its head office in Warwick, Rhode Island, and operates a distribution centre in Dayville, Connecticut.

Fiscal years ending May 31	**1998**	1997	1996	1995	1994
(in thousands of dollars except per share data and ratios)					
Financial performance					
Sales and other revenues					
Canada	**1,001,458**	873,256	821,984	786,813	781,058
United States	**938,616**	837,709	792,227	487,091	112,491
Total	**1,940,074**	1,710,965	1,614,211	1,273,904	893,549
Earnings before unusual items and income taxes	**98,375**	87,971	71,417	68,119	59,291
Net earnings	**63,236**	57,025	46,367	45,203	23,845
Cash flow	**84,777**	80,243	66,713	64,170	36,571
Financial position					
Real estate	**148,785**	136,929	113,887	111,223	108,899
Capital assets	**151,950**	124,120	112,631	85,691	39,733
Total assets	**838,414**	725,558	651,485	616,315	360,962
Shareholders' equity	**446,732**	378,189	326,009	285,789	246,174
Per share amounts					
Net earnings	**1.20**	1.08	0.88	0.86	0.45
Cash flow	**1.61**	1.53	1.27	1.22	0.70
Dividends	**0.16**	0.14	0.12	0.12	0.12
Shareholders' equity	**8.48**	7.19	6.20	5.44	4.69
Financial ratios					
Working capital	**1.35:1**	1.31:1	1.25:1	1.42:1	1.72:1
Long-term debt on equity	**0.19:1**	0.22:1	0.26:1	0.44:1	0.12:1
Return on average shareholder's equity (%)	**15.3**	16.2	15.2	17.0	10.1

TOTAL ASSETS
(in millions $)



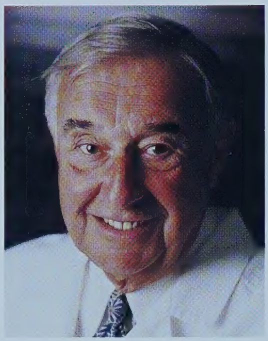
Message to SHAREHOLDERS

After a period of growth marked by major acquisitions in the United States and Canada and the refurbishing of its distribution centre in Longueuil, The Jean Coutu Group (PJC) Inc. is now reaping the rewards from initiatives introduced in recent years as well as from consolidation measures that helped maximize the benefits of these initiatives.

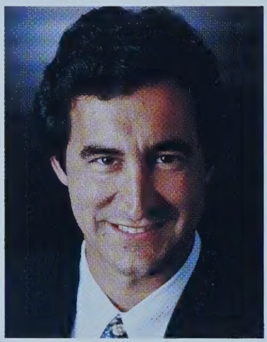
At the end of the 1997-1998 fiscal year, The Jean Coutu Group registered sales of $1.9 billion, an increase of 13.4% over the $1.7 billion in sales recorded during the 1996-1997 fiscal year.

This record performance generated net earnings of $63.2 million or $1.20 per share, up 10.9% over the $57 million or $1.08 per share recorded in the previous fiscal year.

All components of The Jean Coutu Group made a remarkable contribution to this overall performance. The Jean Coutu franchise network in Canada and the network of Brooks Pharmacy corporate outlets in the United States succeeded, within their respective markets, in capitalizing on The Jean Coutu Group's competitive edge and leadership position to take full advantage of the economic recovery that was strongly underway during the fiscal year ending May 31, 1998.



Jean Coutu
Chairman of the Board and Chief Executive Officer



François J. Coutu
President and Chief Operating Officer

Michel Coutu
President, The Jean Coutu Group (PJC) U.S.A. Inc.

An improvement in productivity throughout The Jean Coutu Group and its establishments and the smooth integration of the nineteen Cumberland outlets acquired at the end of the 1996-1997 fiscal year are among the factors responsible for these results.

Natural growth

The Jean Coutu Group (PJC) U.S.A. Inc. saw its tax rate increase appreciably in comparison to previous fiscal years, and this new factor had a significant impact on the results of the U.S. operations in the 1997-1998 fiscal year. The Jean Coutu Group had, however, anticipated the effects of this new taxation rate, and the strong performance turned in by the U.S. operations made it possible for this increase to be absorbed normally.

Consolidated earnings for the 1997-1998 fiscal year therefore remain very satisfactory. They attest to the quality and maturity of the Jean Coutu formula as well as to the sustained growth of The Jean Coutu Group within an industry that is in natural expansion.

New competitors offering pharmaceutical and parapharmaceutical products – particularly superstores and supermarkets – continue to exert pressure on the sales activities of some Jean Coutu Group establishments.

This has also provided an opportunity for highlighting the competitive advantages and significant benefits of the Jean Coutu formula: proximity, quality of professional services and a top-quality product range.

Demographic and sociological data – not to mention the experience and expertise of personnel in Jean Coutu establishments – reveal that the aging population (baby-boomers entering their 50s) is increasingly concerned with restoring and maintaining good health and a healthy physical appearance. Spurred on by the delivery of ever more innovative and sophisticated products and services, the needs and expectations of this population group can be more easily met by pharmaceutical establishments.

Maturity and the future

The convergence of all of these elements is a powerful driving force behind the growth of pharmacies and establishments offering pharmaceutical and parapharmaceutical products. In 1997, in the United States, this sector (major pharmacy chains in particular) recorded one of the highest growth rates (10%) in an economy that was strong to begin with. Some analysts predict a compound annual growth rate of similar magnitude (11%) for the sector of medication and other non-durable goods for medical use by the year 2005.

On the eve of its 30th anniversary, The Jean Coutu Group possesses all the assets necessary to take full advantage of the natural growth of an industry in which it already occupies a position of leadership. These 30 years have seen the fine-tuning of an innovative and popular formula, the establishment and expansion of a solid network of outlets in Canada and the United States, and the development of high-performance management tools.

Above all, these 30 years have made it possible to build a solid and healthy financial foundation that will enable The Jean Coutu Group, as well as all of its franchises and corporate pharmacies, to move into the 21st century with renewed confidence and encouraging prospects for growth.

While the natural growth of the pharmaceutical and parapharmaceutical industry is an attractive fact in and of itself, the ongoing application and development of a winning formula – the Jean Coutu formula – presents exceptional challenges and business opportunities.

The Jean Coutu Group rose to that challenge during the 1997-1998 fiscal year, with the support and cooperation of all of its employees and franchisees. Already, as this annual report attests, "PJC 2000" – the Jean Coutu formula for the pharmacy of the year 2000 – is capturing the imagination and energy of the entire network and will allow The Jean Coutu Group to reaffirm its leadership position in its markets.

As "the most admired company in Quebec" (according to the results of a survey published in the April 1998 edition of Commerce Magazine), The Jean Coutu Group is also committed to responding ever more attentively to consumers' needs and expectations, while continuing to earn their confidence by working actively for their welfare and that of the communities in which The Jean Coutu Group is present.

In this regard, the management of The Jean Coutu Group wishes to thank and congratulate all of its employees who came to the assistance of those in need during and following the ice storm that struck southwestern Quebec and certain regions of Ontario, New Brunswick and the United States in early January 1998. Their cooperation, resourcefulness and dedication contributed to the shown of collective solidarity throughout this difficult period.

The Jean Coutu formula: proximity, quality of professional services and top-quality product range.

During the 1997-1998 fiscal year The Jean Coutu Group had the pleasure of welcoming three new members to its Board of Directors: Ms. Marie-Josée Coutu, Chairman of Marcelle and Jean Coutu Foundation, Ms. Sylvie Coutu, President of Sylvie Coutu Design, and Mr. Paul Delage Roberge, Chairman of the Board and Chief Executive Officer of Boutiques San Francisco.

The Jean Coutu Group also wishes to honour the memory of Mr. Conrad H. Harrington, who passed away March 9, 1998. A member of the Board of Directors from its early days, Mr. Harrington remained a loyal supporter and valued collaborator. To his family and friends, we extend our deepest and most sincere sympathy.

Finally, we wish to express our wholehearted gratitude to the employees and franchisees of The Jean Coutu Group as well as to our suppliers, partners and shareholders who all helped us reach new heights during the 1997-1998 fiscal year and who remain invaluable contributors to our corporate development as we prepare to enter a new and promising millennium.

Review of CANADIAN Operations

On May 31, 1998, at the close of the 1997-1998 fiscal year, the Canadian operations of The Group Jean Coutu (PJC) Inc. had recorded sales and other revenues of $1 billion, an increase of 14.7% over the $873.2 million registered for the 1996-1997 fiscal year.

Earnings (before depreciation and amortization, financial expenses and income taxes) recorded in Canada totalled $96.5 million, a 12% increase compared to the $86.2 million in earnings generated during the previous fiscal year.

The appreciable improvement in productivity within all components of The Jean Coutu Group's Canadian operations as well as the smooth integration of the 19 Cumberland outlets acquired at the end of the 1997-1998 fiscal year are the two key factors responsible for this outstanding performance.

As anticipated, the first full year of operation of these former Cumberland points of sale contributed significantly to the achievement of record heights in The Jean Coutu Group's results.

Furthermore, all franchisees, with the active support of the head office, devoted substantial energy and resources to consolidating their achievements and improving the overall profitability of their establishments.

The former Cumberland points of sale contributed significantly to the achievement of record heights in The Jean Coutu Group's results.

The Jean Coutu Group concentrated on renovating, expanding and relocating its establishments.

In addition to opening five new establishments (all in Quebec) during the 1997-1998 fiscal year, The Jean Coutu Group concentrated on renovating, expanding, and relocating establishments as well as streamlining its product range and improving the quality and efficiency of its professional and commercial services.

To varying degrees, all of these measures contributed towards maintaining profit margins and increasing returns throughout The Jean Coutu Group's Canadian operations during the 1997-1998 fiscal year.

"PJC 2000"

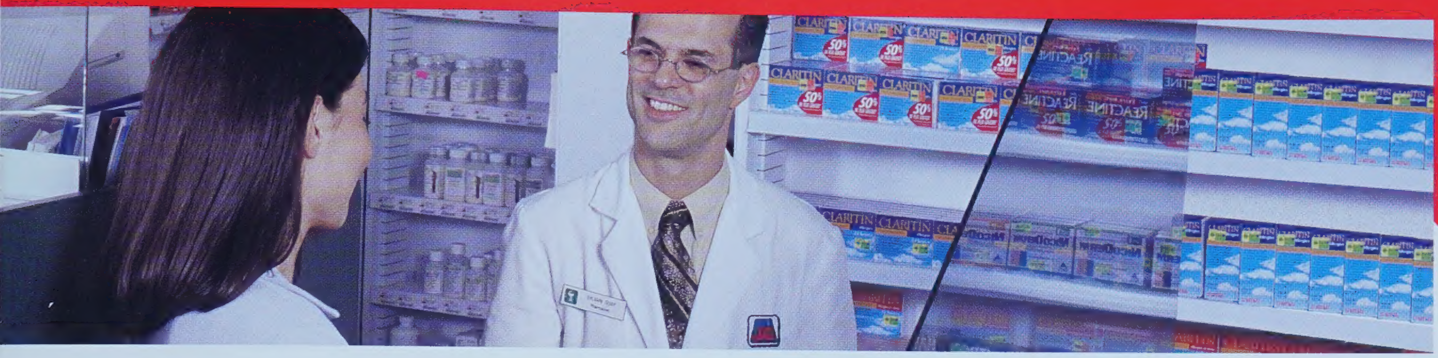
The determination and dynamism shown by franchisees, their employees, and head-office and distribution-centre personnel were unquestionably bolstered by the presentation during the year of a strategic growth plan entitled "PJC 2000".

Studied and ratified by The Jean Coutu Group's Board of Directors and management, this exhaustive growth plan foreshadows the pharmacy of the year 2000 and emphasizes the strengths and advantages of a formula that has been tried and tested for close to 30 years.

Indeed, The Jean Coutu Group does not intend to reconsider the Jean Coutu formula, but rather to adapt and adjust it through careful analysis of operations, to better meet consumers' needs and expectations.

It is in this spirit that a thorough examination was conducted of all facets of professional and commercial operations within the franchised establishments, head office and distribution centre. The result was a series of recommendations whose implementation began during the 1997-1998 fiscal year and that will be pursued in the coming years.

From new information technology and merchandising to laboratory products and services, PJC 2000 modernizes a popular formula known throughout the territory and reaffirms The Jean Coutu Group's leading role in the retailing industry.



From the checkout counter... to the lab

Without question, the gradual introduction of point of sale (POS) management is, in the short term, the most important measure in the implementation of PJC 2000. A key success factor in the entire Jean Coutu franchise network, POS management will contribute significantly towards improving the establishments' productivity and profitability.

Some 50 franchisees have already introduced this management tool, which allows for a more efficient organization of daily activities from one end of the commercial chain to the other. Bar-code scanning (UPC) improves efficiency at the checkout counter and reduces waiting time for consumers. At the other end of the line, the computerized data available through the POS software provides the franchisee, head office and distribution centre with all the information necessary to ensure, among other things, optimal inventory management and more strategically targeted merchandising programs.

The same concern for efficiency and performance governed the introduction of standardized computer equipment and a private corporate network (Intranet) in all Jean Coutu franchises (as of the end of the 1997-1998 fiscal year). Confidentiality of communications and marketing activity planning are among the key advantages to implementing these information technologies.

In order to maximize the benefits of these new management and communications tools, The Jean Coutu Group intends to provide the necessary training to all users (franchisees and employees) of the computer systems common to all establishments.

Another sector received substantial attention during the 1997-1998 fiscal year, both in terms of the company's current activities and of the PJC 2000 strategic growth plan: the laboratory. The quality and efficiency of professional services must be proven as much in terms of pharmacist availability and confidentiality of consultations as of waiting time and product range.

While pursuing and expanding its training activities for pharmacists within franchised establishments, The Jean Coutu Group looked at length into the question of laboratory layout and above all, the quality of the services provided.

The layout, range of products and personalized service provided by the Cosmetics Department will be at the heart of the sales activities of the Jean Coutu pharmacy of the year 2000.

The Jean Coutu Group's range of Personnelle private label products are already enjoying excellent consumer recognition and should experience significant growth in upcoming fiscal years.

By emphasizing the integration of new technologies, the development of innovative tools and the mobilization of teams within franchised establishments, and by implementing an evaluation system and ongoing improvement process, The Jean Coutu Group set as its objective for the year 2000 to have all pharmacies affiliated with the network recognized as industry leaders in terms of the quality and efficiency of their professional services.

An environmental policy

During the 1997-1998 fiscal year, The Jean Coutu Group took the initiative to implement an environmental policy for all of its Canadian operations, as testimony to its ongoing concern for environmental protection and the conservation of natural resources.

Hazardous waste collection and the use of reusable containers and recycled paper and plastics are some of the measures the company has adopted and advocated to all of its franchisees through national programs promoting the collection of expired medications and empty film containers, in particular.

Review of AMERICAN Operations

After successfully completing a strategy to integrate and consolidate its network of corporate pharmacies, The Jean Coutu Group (PJC) U.S.A. Inc., a wholly-owned subsidiary of The Jean Coutu Group, is enjoying the fruits of impressive teamwork and pursuing its development on an increasingly solid foundation.

At the end of the 1997-1998 fiscal year, The Jean Coutu Group's U.S. operations recorded sales and other revenues of $938.6 million, an increase of 12% compared to the $837.7 million generated in 1996-1997.

Earnings (before depreciation and amortization, financial expenses and income taxes) from The Jean Coutu Group's U.S. operations stood at $49.7 million, up 23% over earnings of $40.5 million recorded during the previous fiscal year.

The Jean Coutu Group is all the more satisfied with the performance of its Brooks Pharmacy corporate outlets given that a new accounting reality – an appreciable increase in the corporate tax rate in the United States – reduced the U.S. operations' contribution to consolidated earnings for the 1997-1998 fiscal year.

Brooks Pharmacy, a banner that will include even more establishments before the end of the 1998-1999 fiscal year.

Thanks to the impressive team work and dynamism shown by all components of its network, The Jean Coutu Group was able to maximize the profitability of its corporate pharmacies and thereby minimize the impact of this new taxation rate on earnings.

A victory and new developments

Another external factor contributed, although to a lesser degree, to the solid performance shown by the Brooks Pharmacy network. The Jean Coutu Group, along with other established pharmacy chains in Massachusetts, was a party in legal proceedings against the near monopoly held by certain pharmacies through exclusive contracts with insurance groups.

Under these contracts, patients whose medication is covered by the insurer were required to fill their prescriptions in a pharmacy designated by that insurer. An out-of-court settlement was reached before the matter was brought before the American courts and, as a result, consumers have been free to visit the pharmacy of their choice since February 1998. The impact of this victory by the pharmacy chains, including Brooks Pharmacy, will be even more strongly felt during the 1998-1999 fiscal year, since The Jean Coutu Group has already registered an average increase of 3,000 prescriptions per week for the months of March, April and May 1998.

At the end of the 1997-1998 fiscal year, The Jean Coutu Group opened eight new pharmacies, bringing the number of establishments in its network up to 242, an increase of more than 4% over the previous fiscal year. The Jean Coutu Group had to account for the costs related to these openings in its 1997-1998 results year, although the earnings from these establishments will only be entered into the 1998-1999 accounts of the fiscal year.

The Jean Coutu Group – which already holds an attractive real estate portfolio – plans to at least inaugurate 10 new outlets during the next fiscal year with the possibility of opening as many as 15 to 20 new establishments. Indeed, the potential for expanding the U.S. operations' territory shows considerable promise, and The Jean Coutu Group remains on the lookout for attractive business prospects that will enable it to optimize its penetration of the U.S. market.

All of the new establishments opened by The Jean Coutu Group reflect the new prototype developed and fine-tuned by the company during the last fiscal year, a prototype that makes optimal use of available surface areas and includes such things as areas reserved for pharmacist/ customer consultations and drive-through service windows.

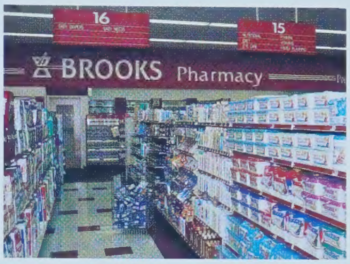
At the same time, The Jean Coutu Group began a major modernization effort of the existing corporate outlets in its network, consisting of expansions as well as in-store and exterior improvements and renovations. As of May 31, 1998, more than 25 establishments had already benefited from the program, which will continue in coming fiscal years.

Technology and profitability

During the 1997-1998 fiscal year, Brooks Pharmacy corporate outlets succeeded in increasing their sales and profitability by an average of 10% compared to the results of similar establishments. Without question, this growth can be attributed in part to the introduction of information, communications and management technologies across the entire corporate network.

The introduction of commercial POS management rallied considerable energy during the 1997-1998 fiscal year and, as of May 31, 1998, 25% of the corporate pharmacies had implemented this management tool. Based on the information available to date, The Jean Coutu Group has already begun to feel the benefits of this leading-edge technology, particularly in terms of strategic decision-making (merchandising, purchasing, outlets etc.).

In accordance with the implementation schedule for commercial POS management, all users have already been given the necessary training, and all establishments have been prepared for the introduction of the requisite technology, including available product labelling.



All new establihments opened in the U.S. conform to the prototype recently developed by the company. At the same time, existing corporate outlets are undergoing a major modernization effort.

By early December 1998, in time for the busy Christmas period, all Brooks Pharmacy corporate outlets will be set up with commercial POS management.

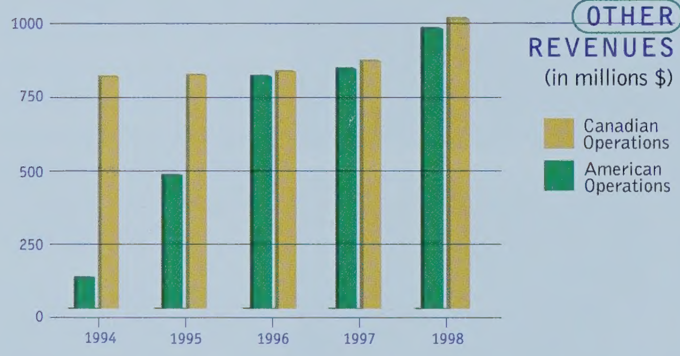
Management's analysis of operating results and FINANCIAL POSITION

Operating results

At the end of the 1997-1998 fiscal year, The Jean Coutu Group recorded sales and other revenues of $1,940,074,000, compared to $1,710,965,000 at the close of the previous year.

This increase is primarily attributable to performance registered across the entire franchise network. Overall, the canadian franchised establishments and the Brooks Pharmacy corporate outlets in the U.S. recorded sales that were superior to those for the 1996-1997 fiscal year.

SALES AND OTHER REVENUES
(in millions $)



Sales and other revenues generated by the Canadian operations stood at $1,001,458,000 on May 31, 1998, up 14.7% from the $873,256,000 recorded as at May 31, 1997. Thus, the contribution of Canadian operations represented 51.6% of The Jean Coutu Group's consolidated earnings.

Sales and other revenues from the U. S. operations totalled $938,616,000 on May 31, 1998, compared to $837,709,000 as at May 31, 1997, for an increase of 12%. The U.S. operations' contribution therefore accounted for 48.4% of The Jean Coutu Group's consolidated earnings.

Earnings

Consolidated earnings before income taxes amounted to $98,375,000 at the end of the 1997-1998 fiscal year, an increase of 11.8% over the $87,971,000 recorded at the end of the previous fiscal year.

Canadian activities accounted for $85,399,000 of these earnings, up 7.3% from the $79,611,000 recorded the previous year.
U.S. activities, for their part, contributed $12,976,000 to these earnings, compared to $8,360,000 for the 1996-1997 fiscal year.

Depreciation and amortization expenses rose to $33,839,000 in the 1997-1998 fiscal year, an increase of 23.7% over the $27,354,000 registered in 1996-1997.

Financial expenses reached $14,063,000, up 24% from $11,338,000 at the close of the 1996-1997 fiscal year.

As at May 31, 1998, The Jean Coutu Group recorded net earnings of $63,236,000 or $1.20 per share, a 10.9% increase compared to net earnings of $57,025,000 or $1.08 per share in 1996-1997.

Changes in financial position

The Jean Coutu Group's cash flow totalled $84,777,000 or $1.61 per share at the end of the 1997-1998 fiscal year, an increase of 5.7% over the 1996-1997 fiscal year when the Group's cash flow stood at $80,243,000 or $1.53 per share.

The Jean Coutu Group's investment activities required cash resources of $54,247,000. Investments in capital assets totalled $69,553,000.

Altogether these inflows and outflows used net cash resources of $31,856,000, bringing the bank overdraft and loans to $143,523,000 for the 1997-1998 fiscal year, compared to $111,667,000 in 1996-1997.

Financial position

Total assets of The Jean Coutu Group reached $838,414,000 as at May 31, 1998, an increase of 15.6% over the $725,558,000 in recorded at the close of the 1996-1997 fiscal year.

Real estate and capital assets – whose book value totalled $300,735,000 as at May 31, 1998 – accounted for 35.9% of these total assets in 1997-1998.

The Jean Coutu Group shareholders' equity therefore stood at $446,732,000 at the close of the 1997-1998 fiscal year, compared to $378,189,000 for the previous fiscal year, an increase of 18.1%.

The book value of The Jean Coutu Group shares rose from $7.19 at the beginning of the 1997-1998 fiscal year to $8.48 as at May 31, 1998.

At the close of the 1997-1998 fiscal year, The Jean Coutu Group's working capital reached $105,269,000, for a current ratio of 1.35:1, compared to the $80,985,000, or a current ratio of 1.31:1 registered at the end of the 1996-1997 fiscal year.

Long-term debt totalled $84,020,000 for the 1997-1998 fiscal year, representing a long-term debt to equity ratio of 0.19:1, compared to $84,769,000 or a debt on equity ratio of 0.22:1 for 1996-1997.

On May 31, 1998, The Jean Coutu Group's total bank debt amounted to $227,543,000 for a total debt to equity ratio of 0.51:1, compared to the previous year-end's debt of $196,436,000 or a total debt to equity ratio of 0.52:1.

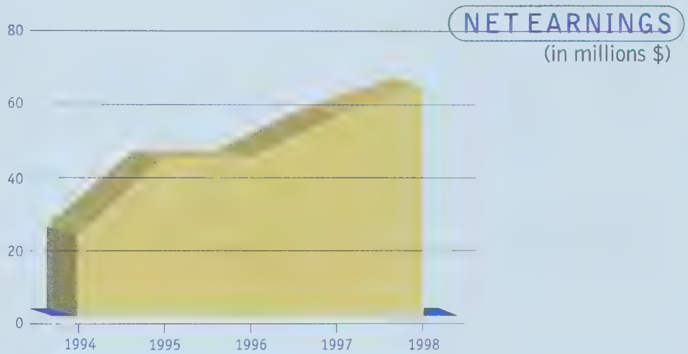
The transition to the year 2000

The Jean Coutu Group is currently conducting compatibility tests on its computer equipment and systems to ensure that the Company's operations will not be unduly affected by the transition to the year 2000 as well as assure its clients, suppliers and partners of this.

A work council will be established to see to it that all components likely to be affected by the year 2000 bug – from the computer systems themselves to auxiliary systems such as heating, air conditioning and alarm systems – are scrupulously inspected and certified as compliant with the requirements of the year 2000.

Furthermore, each department within The Jean Coutu Group has been given the responsibility of examining, in close collaboration with the company's suppliers, the state of preparedness of the systems and operating procedures that ensure the smooth running of commercial dealings between that department and its suppliers.

Finally, and in light of the measures that have been introduced since the company began upgrading its computer systems in 1993, The Jean Coutu Group is of the opinion that all of its departments and subsidiaries, including The Jean Coutu Group (PJC) U.S.A. Inc., will be able to make the transition to the year 2000 mark without difficulty.



Financial outlook

The Jean Coutu Group anticipates that its revenues will grow in Canada and the United States during the 1998-1999 fiscal year. Firstly, the Canadian operations will include about 10 new establishments and should benefit from the full contribution of the former Cumberland outlets, now part of The Jean Coutu Group franchise network.

Secondly, the consolidation of the Brooks Pharmacy network and the favourable forecasts for the American economy should continue to exert a positive influence over the sales of The Jean Coutu Group (PJC) U.S.A.

Yvon Béchard
First Executive Vice-President
and Assistant Secretary

Quarterly consolidated EARNINGS

(in thousands of dollars except for per share earnings)

3 month periods ended	August 31 1997	November 30 1997	February 28 1998	May 31 1998	Total 1998
Sales and other revenues					
Canada	$ 234,173	$ 268,838	$ 241,142	$ 257,305	$ 1,001,458
United States	213,616	223,136	252,664	249,200	938,616
	447,789	**491,974**	**493,806**	**506,505**	**1,940,074**
Charges					
Cost of goods sold, general and operating expenses					
Canada	211,287	243,993	217,536	232,108	904,924
United States	203,722	211,555	237,405	236,191	888,873
	415,009	**455,548**	**454,941**	**468,299**	**1,793,797**
Depreciation and amortization	7,601	8,067	8,455	9,716	33,839
Interest on long-term debt	1,201	1,259	1,304	790	4,554
Other interest	1,821	2,117	2,538	3,033	9,509
	425,632	**466,991**	**467,238**	**481,838**	**1,841,699**
Earnings before income taxes	**22,157**	**24,983**	**26,568**	**24,667**	**98,375**
Income taxes	8,092	9,350	8,572	9,125	35,139
Net earnings	**$ 14,065**	**$ 15,633**	**$ 17,996**	**$ 15,542**	**$ 63,236**
Earnings and fully diluted earnings per share	**$ 0.27**	**$ 0.29**	**$ 0.35**	**$ 0.29**	**$ 1.20**

3 month periods ended	August 31 1996	November 30 1996	February 28 1997	May 31 1997	Total 1997
Sales and other revenues					
Canada	$ 203,856	$ 235,296	$ 207,153	$ 226,951	$ 873,256
United States	207,981	197,675	221,063	210,990	837,709
	411,837	**432,971**	**428,216**	**437,941**	**1,710,965**
Charges					
Cost of goods sold, general and operating expenses					
Canada	183,229	213,268	186,262	204,285	787,044
United States	199,704	188,380	208,023	201,151	797,258
	382,933	**401,648**	**394,285**	**405,436**	**1,584,302**
Depreciation and amortization	6,533	6,473	6,692	7,656	27,354
Interest on long-term debt	1,277	1,174	1,168	935	4,554
Other interest	1,810	1,905	1,555	1,514	6,784
	392,553	**411,200**	**403,700**	**415,541**	**1,622,994**
Earnings before income taxes	**19,284**	**21,771**	**24,516**	**22,400**	**87,971**
Income taxes	6,815	7,907	8,217	8,007	30,946
Net earnings	**$ 12,469**	**$ 13,864**	**$ 16,299**	**$ 14,393**	**$ 57,025**
Earnings and fully diluted earnings per share	**$ 0.24**	**$ 0.26**	**$ 0.31**	**$ 0.27**	**$ 1.08**

Management's report with respect to the FINANCIAL STATEMENTS

The consolidated financial statements of The Jean Coutu Group (PJC) Inc. contained in this report, including the notes thereto, were prepared by management in accordance with generally accepted accounting principles. In addition, the financial information contained elsewhere in the annual report is consistent with the financial statements.

The Board of Directors is responsible for the financial statements included in this annual report. The Audit Committee reviews the contents of the financial statements prior to their approval by the Board of Directors. The external auditors discuss their audit work with the Committee.

The Company's external auditors, Mallette Maheu, are responsible for auditing the financial statements and providing an opinion thereon. Their report is presented below.

François J. Coutu

François J. Coutu
President and Chief Operating Officer

Yvon Béchard

Yvon Béchard
Senior Executive Vice-President

Auditor's REPORT

To the Shareholders of
The Jean Coutu Group (PJC) Inc.

We have examined the consolidated balance sheet of The Jean Coutu Group (PJC) Inc. as at May 31, 1998 and 1997 and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 1998 and 1997 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Mallette Maheu

Mallette Maheu
General Partnership
Chartered Accountants

Montreal
July 14, 1998

Consolidated EARNINGS

Years ended May 31, 1998 and 1997
(in thousands of dollars except for per share amounts)

	1998	1997
Sales	$ 1,786,858	$ 1,573,710
Other revenues (note 2)	153,216	137,255
	1,940,074	1,710,965
Expenses		
Cost of goods sold, general and operating expenses	1,793,797	1,584,302
Depreciation and amortization (note 3)	33,839	27,354
Interest on long-term debt	4,554	4,554
Other interest	9,509	6,784
	1,841,699	1,622,994
Earnings before income taxes	98,375	87,971
Income taxes (note 4)	35,139	30,946
Net earnings	$ 63,236	$ 57,025
Earnings and fully diluted earnings per share	$ 1.20	$ 1.08
Weighted average of outstanding shares	52,665,491	52,614,536

Consolidated RETAINED EARNINGS

Years ended May 31, 1998 and 1997
(in thousands of dollars)

	1998	1997
Balance at beginning	$ 321,996	$ 271,811
Net earnings	63,236	57,025
	385,232	328,836
Dividends	8,427	6,840
Balance at end	$ 376,805	$ 321,996

Consolidated BALANCE SHEET

May 31, 1998 and 1997
(in thousands of dollars)

	1998	1997
ASSETS		
Current assets		
Accounts receivable	$ 115,889	$ 105,017
Current portion of investments (note 5)	7,679	4,677
Inventories	271,922	226,562
Deferred income taxes	12,086	4,942
Prepaid expenses	2,551	2,230
	410,127	343,428
Investments (note 5)	16,556	15,225
Real estate (note 6)	148,785	136,929
Capital assets (note 7)	151,950	124,120
Other assets (note 8)	110,996	105,856
	$ 838,414	$ 725,558
LIABILITIES		
Current liabilities		
Bank overdraft and loans (note 9)	$ 143,523	$ 111,667
Accounts payable	150,720	139,689
Income taxes payables	8,715	9,318
Current portion of long-term debt (note 10)	1,900	1,769
	304,858	262,443
Deferred revenue	4,365	846
Long-term debt (note 10)	82,120	83,000
Deferred income taxes	339	1,080
	391,682	347,369
SHAREHOLDERS' EQUITY		
Capital stock (note 11)	51,740	51,255
Retained earnings	376,805	321,996
Foreign currency translation adjustments (note 12)	18,187	4,938
	446,732	378,189
	$ 838,414	$ 725,558

CONTINGENT LIABILITIES AND COMMITMENTS (notes 13 and 14)

On behalf of the Board of Directors

François J Coutu

Director

Yvon Bicharg

Director

Consolidated changes in
FINANCIAL POSITION

Years ended May 31, 1998 and 1997
(in thousands of dollars)

	1998	1997
Operating activities		
Net earnings	$ 63,236	$ 57,025
Items not involving cash :		
Depreciation and amortization	33,839	27,354
Loss (gain) on disposal of assets	591	(669)
Deferred income taxes	(12,889)	(3,467)
	84,777	80,243
Changes in non-cash working capital items	(42,654)	(3,385)
Changes in long-term receivables from franchisees	422	2,594
Foreign currency translation adjustments	3,844	650
	46,389	80,102
Financing activities		
Balance of purchase price	-	3,884
Long-term debt	1,345	7,756
Repayment of long-term debt	(2,095)	(6,419)
Issuance of capital stock	485	289
	(265)	5,510
Investing activities		
Business acquisitions (note 15)	-	(39,318)
Loans and advances	(5,645)	(2,415)
Receipts on loans and advances	4,290	2,374
Acquisition of investments	(4,379)	(1,138)
Purchase of capital assets and real estate	(54,247)	(51,666)
Proceeds from disposal of capital assets and real estate	1,257	2,897
Goodwill	(12,684)	(7,008)
Proceeds from disposal of goodwill	1,375	2,550
Other	480	(929)
	(69,553)	(94,653)
Other activity		
Dividends	(8,427)	(6,840)
Decrease in cash and cash equivalents	(31,856)	(15,881)
Cash and cash equivalents position at beginning	(111,667)	(95,786)
Cash and cash equivalents position at end	$ (143,523)	$ (111,667)

Cash and cash equivalents consist of bank overdraft and bank loans.

Notes to consolidated FINANCIAL STATEMENTS

May 31, 1998 and 1997
(exhibit amounts in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES

Financial statements
The financial statements are prepared in accordance with generally accepted accounting principles in Canada and conform in all material respects with International Accounting Standards. Amounts are expressed in Canadian currency.

Consolidation
The consolidated financial statements include the accounts of the Company and all of its subsidiaries.

Estimates
The preparation of financial statements in accordance with genarally accepted accounting principles requires the utilisation of estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses and disclosure of contingent assets and liabilities. Consequently, actual amounts could differ from those estimates.

Inventory valuation
Inventories are valued at the lower of cost or net realizable value, the cost being calculated using the first in, first out basis and selling price less a normal gross profit.

Investments
Investments are accounted for by using the cost method. Periodically, management analyzes each loan, advance and long-term receivable and when a serious doubt as to their recovery is identified, a provision is applied to reduce their book value to the estimated realizable value.

Real estate
The Company holds real estate for leasing purposes, which is accounted for at cost (including interest). Depreciation of buildings is calculated using the straight-line and the compound interest methods at the rates of 5% and 10% based on the estimated useful lives of the buildings.

Capital assets
Capital assets are accounted for at cost.
Depreciation of capital assets is based on the estimated useful life of the asset using the straight-line and the diminishing balance methods at the following rates:

Buildings	3% to 5%
Furniture and equipment	14% to 20%
Computer equipment and software	20 % to 33 1/3%
Leasehold improvements	lease term
Vehicles	14% to 30%
Furniture, equipment and software under capital leases	20% and 30%

Goodwill
Goodwill is accounted for at cost.
Amortization is calculated using the straight-line method at rate ranging from 5% to 10%.
The Company's management determines annually if a permanent impairment in value of the unamortized portion of goodwill exists based on estimated future operating earnings or cash flows.

Deferred costs
Deferred costs are accounted for at cost.
Amortization is calculated using the straight-line method at the rate of 20% and over the term of the lease or the long-term loan.

Foreign currency translation
The Company follows the temporal method of translation for operations undertaken by its Canadian entities and the current rate method of translation for its self-sustaining foreign operations.

May 31, 1998 and 1997
(exhibit amounts in thousands of dollars)

	1998	1997
2. OTHER REVENUES		
Royalties	$ 60,700	$ 54,966
Rent	48,197	42,369
Advertising	26,655	24,597
Sundry	17,664	15,323
	$ 153,216	$ 137,255

	1998	1997
3. DEPRECIATION AND AMORTIZATION		
Fixed assets and real estate	$ 19,227	$ 16,130
Goodwill	11,273	10,819
Deferred cost	3,339	405
	$ 33,839	$ 27,354

	1998	1997
4. INCOME TAXES		
The difference between the effective tax rates and the basic income tax rates is made up as follows:		
Basic rates including surtax	39.3 %	39.4 %
Income taxable at reduced rates	(4.2)	(4.1)
Non-deductible amortization	1.7	0.7
Prior years' losses	-	(2.5)
Other	(1.1)	1.7
	35.7 %	35.2 %

	1998	1997
5. INVESTMENTS		
Loans, advances and long-term receivables from franchisees, without interest, some of which bear repayment terms until 1999 and are renewable	$ 20,809	$ 22,257
Other	5,016	1,749
	25,825	24,006
Provision for losses on loans, advances and long-term receivables from franchisees	1,590	4,104
	24,235	19,902
Current portion	7,679	4,677
	$ 16,556	$ 15,225

The provision for losses relates to loans, advances and long-term receivables from franchisees amounting to $5,019,000 (1997, $7,644,000). During the year, an additional bad debt expense of $579,000 (1997, $827,000) has been accounted for.

(exhibit amounts in thousands of dollars)

6. REAL ESTATE

	1998	1997
Land	$ 47,370	$ 42,937
Buildings	112,213	102,424
Construction in progress	1,206	1,999
	160,789	147,360
Accumulated depreciation	12,004	10,431
	$ 148,785	$ 136,929

7. CAPITAL ASSETS

	1998			1997
	Cost	Accumulated depreciation	Net book value	Net book value
Land	$ 24,172	$ -	$ 24,172	$ 16,890
Buildings	68,912	13,175	55,737	46,074
Furniture and equipment	44,423	25,749	18,674	19,439
Computer equipment and software	26,849	10,787	16,062	10,593
Leasehold improvements	48,310	14,504	33,806	27,481
Vehicles	975	633	342	472
Furniture, equipment and software under capital leases	9,443	6,286	3,157	3,171
	$ 223,084	$ 71,134	$ 151,950	$ 124,120

8. OTHER ASSETS

	1998	1997
Goodwill	$ 103,667	$ 103,187
Deposits on acquisition of assets	1,135	1,408
Deferred costs	594	1,261
Deferred income taxes	5,600	-
	$ 110,996	$ 105,856

9. BANK LOANS

The Company has authorised lines of credit of $100,000,000 and $113,646,000 ($78,000,000 U.S.), bearing interest at a rate based on the prime rate or LIBOR. These lines of credit include an amount of $20,000,000 relating to letters of credit. As at May 31, 1998, letters of credit amounting to $8,513,000 (1997, $7,419,000) are issued.

In accordance with the terms of the credit agreement, the Company is subjected to certain restrictions as to financial ratios to be maintained and has to respect certain conditions.

On June 10, 1998, the Company renegociated its credit agreement as mentioned in note 10.

(exhibit amounts in thousands of dollars)

10. LONG-TERM DEBT

	1998	1997
Term loan subject to the same conditions as the short-term bank loans *	**$ 55,000**	$ 55,000
Loans, secured by real estate having a net book value of $41,882,000, repayable by maximum monthly instalments of $237,000 including principal and interest at rates varying from 6.1% to 10.0%, maturing in November 2018	**25,323**	26,111
Furniture, equipment and software lease agreements, repayable until January 2003 by maximum monthly instalments of $107,000 including interest calculated at rates varying from 5.1% to 9.6%, with purchase option of $585,000 at maturity	**3,697**	3,658
	84,020	84,769
Current portion	**1,900**	1,769
	$ 82,120	$ 83,000

Repayments to be made during the following years excluding the repayments of the term loan are as follows:

	Long-term debt	Lease contracts	
	Principal	Principal	Interest
1999	$ 814	$ 1,086	$ 206
2000	882	1,013	130
2001	955	565	75
2002	1,034	585	43
2003	1,121	448	14
	$ 4,806	$ 3,697	$ 468

* On June 10, 1998, the Company renegociated its financing as follows: the authorised lines of credit have been reduced to $75,000,000 and $43,710,000 ($30,000,000 U.S.) and the term loan has been increased to $174,840,000 ($120,000,000 U.S.). The term loan maturing in June 2003 is repayable by quarterly instalments of $4,371,000 ($3,000,000 U.S.).

11. CAPITAL STOCK

Authorized

Unlimited number of class A subordinate voting shares, participating, one vote per share, exchangeable, at the option of the holder, for the same number of class B shares in the event of a take-over bid being made in respect to class B shares, without par value

Unlimited number of class B shares, participating, ten votes per share, exchangeable for class A subordinate voting shares on the basis of one class A subordinate voting share for one class B share, without par value

Unlimited number of class C shares, to be issued in one or more series subject to rights, privileges, conditions and restrictions to be determined, non-participating, non-voting, without par value

(exhibit amounts in thousands of dollars)

11. CAPITAL STOCK (continued)

	1998	1997
Issued		
18,694,600 (1997, 18,640,500) class A subordinate voting shares	$ 51,738	$ 51,253
34,000,000 class B shares	2	2
	$ 51,740	$ 51,255

Issuance

During the year, some executive officers have exercised their stock options and accordingly the Company has issued 54,100 (1997, 33,000) class A subordinate voting shares for a cash consideration of $485,000 (1997, $289,000).

Stock option plan

As at May 31, 1998, the Company has granted to 23 of its executive officers stock options for a maximum of 231,900 class A subordinate voting shares at prices varying from $8.73 to $16.95 per share. The stock options may be exercised until October 21,2007.

12. FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

These adjustments represent unrealized gains pursuant to the translation of the financial statements of the Company's self-sustaining American subsidiaries. The variation of this item is due to the fluctuation of the exchange rate during the year.

13. CONTINGENT LIABILITIES

Guarantees

The Company has guaranteed the reimbursement of certain bank loans contracted by franchisees to a maximum amount of $43,422,000. As at May 31, 1998, these loans amount to approximately $39,921,000.

Buyback agreements

Under buyback agreements, the Company is committed to financial institutions to purchase the inventories of some of its franchisees up to the amount of advances made by those financial institutions to the franchisees. However, under these agreements, the Company is not committed to cover any deficit that may arise should the value of these inventories be less than the amount of the advances.

Under buyback agreements, the Company is committed to financial institutions, to purchase equipment held by franchisees and financed by capital leases and loans. For capital leases, the buyback value is linked to the net balance of the lease at the date of the buyback. For equipment financed by bank loans, the minimum buyback value is set by contract with the financial institution. As at May 31, 1998, the loans relating to the equipment amount to approximately $9,295,000. However, it is the opinion of management that the realizable value of the assets cannot be lower than the eventual amount of the buyback.

(exhibit amounts in thousands of dollars)

14. COMMITMENTS

Under the terms of building and vehicle leases maturing in 2017, the Company is committed to make minimum payments totalling $233,919,000. Minimum payments payable over the next five years are as follows:

1999	**$ 37,545**
2000	**$ 35,935**
2001	**$ 32,272**
2002	**$ 27,578**
2003	**$ 22,660**

Under the terms of building leases and subleases, the Company will receive, up to the year 2014, minimum payments totalling $232,112,000. This amount takes into account the renewal of subleases at the same terms and conditions as the lease agreements.

15. BUSINESS ACQUISITIONS

On September 2, 1996 and May 11, 1997 respectively, the Company integrated to its Canadian franchise chain, retail outlets previously operated under the banners "Mayrand" and "Cumberland". In addition, the Company acquired in October 1996 and in May of 1997 wholly-owned subsidiaries.

These acquisitions have been accounted for in accordance with the purchase method and accordingly the operating results have been included in the financial statements since these dates. These acquisitions are summarized as follows:

Non-cash working capital items	$ 5,363
Investments	190
Capital assets	1,436
Goodwill	32,483
	39,472
Long-term debt	(142)
Deferred income taxes	(12)
Net non-cash assets acquired at fair value	39,318
Cash and cash equivalents	(614)
Net assets acquired at fair value	$ 38,704
Consideration:	
Cash consideration	$ 34,820
Balance of purchase price	3,884
	$ 38,704

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of receivables, bank overdraft and loans and payables is comparable to the book value in view of that short maturity.

The fair value of loans, advances and long-term receivables from franchisees has not been determined since these balances result from transactions made in a preferential commercial context and accordingly with terms that could differ from terms negociated with non franchisees.

The fair value of the long-term debt is $85,271,000 (1997, $86,107,000) and has been established by discounting the contractual cash flows to interest rates used on the market for debts having similar caracteristics.

17. UNCERTAINLY DUE TO THE YEAR 2000 ISSUE

Most businesses use computer systems and consequently are exposed to the repercussions of the Year 2000 problems, wich, if not addressed, could affect the Company's ability to conduct normal business operations.

The Company is presently carrying out compliance procedures on its equipment and computer systems in order to ascertain for itself, its customers, suppliers and partners, that the activities of the Company will not be perturbed during the Year 2000 transition.

Although the Company has addressed the issue, it is not possible, given the nature of the risk, to be certain that all of the aspects of the Year 2000 issue affecting the Company, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

18. SEGMENTED INFORMATION

The Company operates in 3 industry segments and 2 geographic segments.

In Canada, the Company pursues its activities in franchising, real estate and retail sales. Within the segment of franchising, the Company carries on the franchising activity of retail stores under the "PJC Jean Coutu" and "Maxi Drug" banners, operates a distribution center and coordinates several other services for the benefit of its franchisees. As at May 31, 1998, the number of franchises totaled 255 (1997, 251), 10 (1997, 30) of which were opened and acquired during the year.

In the United States, the Company operates 242 (1997, 232) retail sales outlets selling pharmaceutical and other products under the "Douglas Maxi Drug" and "Brooks" banners, 22 (1997, 1) of which were opened and acquired during the year.

(exhibit amounts in thousands of dollars)

18. SEGMENTED INFORMATION (continued)

Segmented information is summarized as follows:

	INDUSTRY SEGMENTS				GEOGRAPHIC SEGMENTS		
	Franchising ($)	Real Estate ($)	Retail Sales ($)	Total ($)	Canada ($)	United States ($)	Total ($)
1998							
Sales and other revenues	**949,252**	**47,656**	**943,166**	**1,940,074**	**1,001,458**	**938,616**	**1,940,074**
Depreciation and amortization:							
Capital assets and real estate	**4,399**	**1,826**	**13,002**	**19,227**	**6,294**	**12,933**	**19,227**
Goodwill	**8,073**	**–**	**3,200**	**11,273**	**8,073**	**3,200**	**11,273**
Deferred costs	**–**	**78**	**3,261**	**3,339**	**78**	**3,261**	**3,339**
Financial expenses:							
Interest on long-term debt	**2,479**	**2,067**	**8**	**4,554**	**4,554**	**–**	**4,554**
Other interest	**2,709**	**5**	**6,795**	**9,509**	**2,766**	**6,743**	**9,509**
Intersegment interest	**(10,630)**	**–**	**10,630**	**–**	**(10,630)**	**10,630**	**–**
Earnings before income taxes	**76,578**	**9,779**	**12,018**	**98,375**	**85,399**	**12,976**	**98,375**
Total assets	**233,520**	**154,133**	**450,761**	**838,414**	**388,117**	**450,297**	**838,414**
Acquisition of capital assets and real estate	**6,596**	**14,468**	**33,183**	**54,247**	**21,556**	**32,691**	**54,247**
1997							
Sales and other revenues	823,163	42,870	844,932	1,710,965	873,256	837,709	1,710,965
Depreciation and amortization:							
Capital assets and real estate	3,490	1,734	10,906	16,130	5,312	10,818	16,130
Goodwill	5,428	–	5,391	10,819	5,428	5,391	10,819
Deferred costs	–	38	367	405	38	367	405
Financial expenses:							
Interest on long-term debt	2,547	1,962	45	4,554	4,554	–	4,554
Other interest	1,607	17	5,160	6,784	1,658	5,126	6,784
Intersegment interest	(10,389)	–	10,389	–	(10,389)	10,389	–
Earnings before income taxes	73,045	7,338	7,588	87,971	79,611	8,360	87,971
Total assets	223,453	140,852	361,253	725,558	367,456	358,102	725,558
Acquisition of capital assets and real estate	20,821	17,249	15,032	53,102	38,270	14,832	53,102

19. COMPARATIVE FIGURES

Certain 1997 figures have been reclassified to conform with the presentation adopted in 1998.

Board of DIRECTORS

Jean Coutu
Chairman of the Board and
Chief Executive Officer of the Company

François J. Coutu
Director
President and Chief Operating Officer
of the Company

Louis Coutu
Director
Vice-President of Commercial Policies
of the Company

Marie-Josée Coutu
Director
President,
Marcelle and Jean Coutu Foundation

Michel Coutu
Director
President of The Jean Coutu Group
(PJC) U.S.A. Inc

Sylvie Coutu
Director
President,
Sylvie Coutu Design

Yvon Béchard
Director
First Executive Vice-President
and Assistant Secretary
of the Company

Barrie D. Birks
Director
President,
Tyringham Investments Ltd.

Marcel Dutil
Director
Chairman of the Board,
President and Chief Executive Officer,
Canam Manac Group Inc.

Nicolle Forget
Director
Attorney at Law

Claire Léger
Director
Vice-Chairman of the Board,
Groupe Saint-Hubert

Yvon Martineau
Director
Senior Partner,
Martineau Walker

Jacques Masse
Vice-Chairman of the Board
of the Company

Erik Péladeau
Director
Chairman of the Board and
Chief Executive Officer,
Quebecor Multimédia Inc. and
Chairman of the Board,
Quebecor Communications Inc.

Laurent Picard
Director
Corporate Director

Paul Delage Roberge
Director
Chairman of the Board and
Chief Executive Officer,
Boutiques San Francisco Inc.

Corporate OFFICERS

The Jean Coutu Group (PJC) inc.:

Jean Coutu
Chairman of the Board and Chief Executive Officer

François J. Coutu
President and Chief Operating Officer

Yvon Béchard
First Executive Vice-President and Assistant Secretary

Michel Boucher
Vice-President, Information Systems

Carole Bouthillette
Vice-President, Finance

Denis Courcy
Vice-President, Human Ressources

Louis Coutu
Vice-President, Commercial Policies

Claudia Di Renzo
Vice-President, Real Estate

Yvon Goyer
Vice-President, Services and Promotions

Alain Lafortune
Vice-President, Purchasing, Merchandisingand Advertising

Jacques Lamoureux
Vice-President, Operations

Jacques Masse
Vice-Chairman of the Board

Richard Mayrand
Vice-President, Professional Activities

Johanne Meloche
Vice-President, Cosmetics, Exclusive Brand and Beauty Programs

Jean-Pierre Normandin
Vice-President, Distribution Centre

Carole Rennie
Controller

Bernard Rochette
Director of Legal Affairs and Corporate Secretary

The Jean Coutu Group (PJC) U.S.A. Inc. :

Michel Coutu
President

C. Daniel Haron
Vice-President, Pharmacies and Professional Activities

David A. Morocco
Vice-President, Marketing

William Pitts
Controller

William Welsh
Executive Vice-President, Operations

Randy Wyrofsky
Vice-President, Finance

Addresses

The Jean Coutu Group (PJC) Inc.
530 Bériault Street
Longueuil, Quebec J4G IS8
(450) 646-9760

The Jean Coutu Group (PJC) U.S.A. Inc.
50 Service Avenue
Warwick, Rhode Island
U.S.A. 02886
(401) 825-3900

Auditors:
Mallette Maheu
General partnership
Chartered Accountants
5 Place Ville-Marie
Suite 1000
Montreal, Quebec H3B 4X3

Registrar:
General Trust of Canada
1100 University Street, 9th Floor
Montreal, Quebec H3B 2G7

Stock Market Information:
Ticker symbol : PJC.A
Montreal Exchange and Toronto Stock Exchange

Transfer Agents:
General Trust of Canada
1100 University Street, 8th Floor
Montreal, Quebec H3B 2G7

R-M Trust Company
393 University Avenue, 5th Floor
Toronto, Ontario M5C 2W9

Principal Legal Counsels:
Desjardins Ducharme Stein Monast
600 de La Gauchetière Street West
Suite 2300
Montreal, Quebec H3B 4L8

Loranger Marcoux
Édifice La Laurentienne
1100 René-Lévesque Blvd. West
Suite 1460
Montreal, Quebec H3B 4N4

Pouliot Mercure
1155 René-Lévesque Blvd. West, 31st Floor
Montreal, Quebec H3B 3S6

Martineau Walker
Tour de la Bourse
800 Place Victoria
Suite 3400
Montreal, Quebec H4Z IE9

Banking Institution:
National Bank of Canada
600 de La Gauchetière Street West
Montreal, Quebec H3B 4L2

Financial Communications:
Everest Public Relations
81 Sherbrooke Street West
Montreal, Quebec H2X 1X2

Annual General Meeting

The Annual General Meeting of Shareholders of The Jean Coutu Group (PJC) Inc. will be held on September 9, 1998, at 9:30 a.m. at The Jean Coutu Group's Head Office, 551 Bériault Street, Longueuil, Quebec

Annual Information Form

The Annual Information Form of the Company for the year ending May 31, 1998 will be available uppon request as of October 18, 1998.

Pour obtenir la version française de ce rapport
veuillez écrire à:

Le Groupe Jean Coutu (PJC) inc.
a/s Céline Lamonde
530, rue Bériault
Longueuil (Québec)
J4G 1S8

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